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SCHEDULE A - 3

RENT SUPPLEMENT PROGRAM
NEWFOUNDLAND

Agreement between "Canada Mortgage and Housing Corporation"
and "Newfoundland and Labrador Housing Corporation".

This Program will be delivered and administered by the
Newfoundland and Labrador Housing Corporation (NLHC).

1. OBJECTIVE

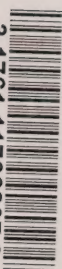
To assist households in need to obtain affordable,
adequate and suitable rental housing by subsidizing
rents in eligible rental dwellings.

2. PROGRAM DESCRIPTION

The Rent Supplement Program provides assistance to
households in need by reducing the rent paid to a speci-
fied proportion of their income. The assistance is based
on the difference between an agreed upon market rent and
the rent charged according to a rent-to-income scale and
based on the household's adjusted income, as defined in
Appendix "1" to this Schedule. To make this assistance
available, NLHC and a landlord or housing cooperative
sign an agreement, designating a number of housing units
to be subsidized. The assistance provided for each unit
will be available for a maximum term of 35 years. NLHC,
its agencies or housing cooperatives select households in
need to be occupants of the unit.



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For the purpose of this Schedule, NLHC shall be considered as the eligible contribution recipient under Section 56.1 of the Act and this Schedule shall be deemed to be the agreement referred to in Section 91(1) of the National Housing Loan Regulations.

Enabling Federal Legislation

National Housing Act:

- . Section 56.1

Enabling Provincial Legislation

Newfoundland and Labrador Housing Corporation Act:

- . Chapter 249 of the Revised Statutes of Newfoundland, 1970.

3. ELIGIBILITY CRITERIA

3.1 Owners

Agreements can be made between NLHC and landlords or housing cooperatives. Housing units receiving other ongoing federal or provincial social housing assistance are not eligible unless such assistance is provided under Sections 15 or 15.1 of the Act, subject to the provisions set out in subsection 8.2, or funding under Section 34.1 for the Residential Rehabilitation Assistance Program for the Disabled.

3.2 Clients

Eligible clients are those households in core housing need, as defined in the Global Agreement, with total

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household income as defined in Appendix "1" which falls below the core need income threshold, and those with special purpose housing need.

3.3 Projects

NLHC will ensure that all units selected comply with mutually acceptable minimum property standards.

3.4 Occupant Selection

NLHC or its agencies will ensure that all households selected to live in housing units assisted under this program are households in need. Where Rent Supplement units are provided to housing cooperatives funded through the Federal Cooperative Housing Program, 50 percent of the occupants will be selected from public housing waiting lists and the remaining 50 percent by housing cooperatives.

4. ELIGIBLE PROJECT COSTS/ASSISTANCE

4.1 Unit Maintenance Costs

Eligible unit maintenance costs are costs incurred to repair abnormal damages caused by clients of the program or decoration expenses needed above those required of landlords or housing cooperatives as specified in subsection 7.4 of this Schedule.

4.2 Assistance/Eligible Costs

The assistance is based on the monies required to pay the difference between the rent paid by the Rent Supplement

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client and a market rent which would be reasonable, given the characteristics of the unit and market conditions, and which will have been agreed to by NLHC in its agreement with the owner of the unit.

5. PROJECT SELECTION/DELIVERY PROCESS

5.1 Targeting

With the exception of Rent Supplement units for the Federal Cooperative Housing Program, NLHC will ensure that all units in this program are allocated within the geographic areas specified in the Operating Agreement and to priority groups in accordance with the approved three-year plan attached as Schedule "B" of the Operating Agreement. Rent Supplement units for the Federal Cooperative Housing Program will be made available to cooperative projects committed by CMHC, as set out in the approved three-year plan.

Taking into account the planning process, NLHC will assist families and senior citizens within the priority groups with the intent to direct assistance in accordance with their share of core housing need relative to each other together with other agreed upon criteria. Within the core housing need income limits, the number of units directed to households at the upper income levels will not exceed their proportionate share of need.

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5.2 Project Selection

NLHC will ensure that units providing the best value for money are selected. Where practical, a public tendering process should be used in the selection of projects and units. In selecting units, NLHC will inspect the units to be designated for receipt of Rent Supplement assistance to ensure that they comply with housing standards acceptable to CMHC and NLHC.

NLHC may permit clients to select their own unit providing that the rent required for that unit does not exceed a level established by CMHC and NLHC, that the unit meets all program criteria, and that it is made clear to the client that the Rent Supplement assistance remains with the unit and does not follow the client should that client decide to move to other premises.

In allocating its units, NLHC will also ensure that, in 1986, 30 percent of the units available through the Federal Cooperative Housing Program are provided Rent Supplements and that a comparable number of units, to be agreed upon by CMHC and NLHC, and specified in the approved three-year plan, will be provided Rent Supplements in subsequent years.

6. COMMITMENT/AGREEMENTS

6.1 Commitment

A commitment is a written undertaking to subsidize a specifically identified number of units and to incur budgetary expenditures related thereto.

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A commitment is deemed to have occurred once an agreement is signed between NLHC and a landlord or housing cooperative, for a specified number of housing units which will be subsidized.

Upon NLHC signing the initial agreement, Canada and Newfoundland commit to each other to provide assistance to that unit, subject to the reallocation provisions of 7.6, for a period of 35 years.

The reporting of the authorized budget take-up will be the number of units committed. "Unit" means a unit or bed where a unit is a self-contained dwelling in detached or multiple housing form to be occupied by one eligible household; and a "bed" is the bed to be occupied by each individual resident in a special purpose housing project or hostel.

Commitment documentation is to be communicated by NLHC to CMHC by way of a notice of commitment form provided in program guidelines.

6.2 Commitment Notification/Publicity

All news releases or announcements pertaining to an allocation or commitments to a project will be in accordance with the Operating Agreement and the program guidelines.

6.3 Agreement with Owners

NLHC will ensure that the terms and conditions of the agreement with landlords or eligible housing cooperatives

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will be as approved by CMHC and NLHC, and without limiting their scope, will contain references to: occupant selection; term of leases; security deposits; lease renewals; unit vacancies; unit maintenance; timing of payments to the owner; and renewal of the agreement.

7. PROJECT/PORTFOLIO ADMINISTRATION

7.1 Income Verification

NLHC will ensure that the adjusted income of the household occupying the Rent Supplement unit is verified at least once a year, and will ensure that the rent to be charged is adjusted accordingly and in a manner described in Appendix "1" of this Schedule.

7.2 Rent Review

Rents charged by landlords or housing cooperatives will be reviewed and agreed to yearly by NLHC. In situations where NLHC has agreed to rent adjustments based on escalation clauses, the prior conditions associated with making such adjustments will be established by CMHC and NLHC.

7.3 Duration of Leases

NLHC will ensure that all leases between the landlord or housing cooperative and the tenant will be for a term of one year or more. Where NLHC agrees to leases of less than one year, it will be for exceptional reasons or for purposes of incurring subsequent lease renewals at a specific date common to all NLHC's rent supplement portfolio.

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7.4 Maintenance of Units

NLHC will ensure that landlords or housing cooperatives participating in this program maintain the units in a state of good repair. This will be achieved by way of on-site inspections carried-out with a frequency agreed to by CMHC and NLHC.

7.5 Repair of Units/Redecoration

NLHC will agree to incur expenses to repair abnormal damages done by the occupants of Rent Supplement units. NLHC will also agree to incur expenses to redecorate the units if required prior to the cyclical maintenance of units by the landlord or housing cooperative, as described in subsection 7.4 of this Schedule.

7.6 Unit Reallocation

A Rent Supplement commitment is for a term of 35 years. Within this 35-year period, a unit designation may be transferred to another unit or project of comparable cost upon expiry of the agreement with the landlord or housing cooperative, or may be renewed for the same unit.

During the term of the agreement with the landlord or housing cooperative, if a household becomes ineligible or vacates a unit, NLHC may, with the consent of the landlord or cooperative, revoke the unit designation and transfer it to another housing unit or project of comparable cost for the remaining term of the 35-year commitment.

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A maximum of nine months may occur between the revocation of a unit designation or the expiration of the landlord or co-op agreement and its redesignation to another project or unit. After such nine months, the remaining portion of the 35-year commitment will be withdrawn. No subsidies will be paid between the revocation and redesignation dates.

Where a unit is transferred to another housing project, it is understood that such unit will be chosen as part of the selection process as identified in subsection 5.2 of this Schedule. Following this unit transfer, NLHC will notify CMHC of the redesignation of the unit on a notice of commitment form specified in program guidelines. CMHC will be notified in the same manner of unit revocations.

8. ELIGIBLE PROGRAM COSTS

Eligible program costs will be shared by Canada and Newfoundland on a 75/25 basis. These costs consist of:

8.1 Budgetary Costs

Budgetary costs include:

- . the funds required to pay the difference between the agreed market rent and rents collected from the clients, based on adjusted incomes and the rent-to-income scale as specified in Appendix "1" of this Schedule. NLHC may utilize a rental scale of its own but operating losses eligible for assistance from Canada will be determined on the basis of whichever

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of NLHC's scale of the Federal Rent-to-Income Scale produces the lowest operating losses. Any scale in use must be attached in Appendix "1" and must not result in occupant households remaining in core housing need;

- . the unit repair/redecoration costs as defined in subsection 7.5 of this Schedule;
- . all eligible annual costs of delivery and administration based on performance standards acceptable to CMHC and NLHC, including fees incurred in delivery.
- . Any financing interest payable on budgetary receipts and disbursements will be calculated at an interest rate acceptable to CMHC and NLHC. Interest in such cases will be calculated on net expenditures to the date of reimbursement.

8.2 Exception

As indicated in subsection 3.1, rent supplement assistance may be made available to clients in non-profit and cooperative projects committed prior to 1979 under Sections 15 and 15.1 NHA, provided that Newfoundland has matched the financial assistance provided by Canada through these sections of the Act and as specified in program guidelines.

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9. BUDGETING AND CLAIMS

The financial reporting requirements for budgeting and claims are outlined in Appendix "3" to this Schedule, and detailed in program guidelines.

10. INFORMATION REQUIREMENTS

NLHC will ensure that all information requirements outlined in Appendix "2" to this Schedule, and specified in program guidelines are provided to CMHC.

Commitment data will be provided no later than five (5) working days after a commitment is made. Updates to previously communicated commitment data will be transmitted on a similar basis.

Information pertaining to clients served by the program will be obtained once a year and no later than 31 March of the subsequent year. This will provide details on clients served in all units under administration, or receiving subsidies through this program, as at 31 December of that year.

Annual project operating data will support the final audited statement of expenditure and this, along with client data, will be used as the basis for adjustments in federal payments of subsidy assistance, if necessary.

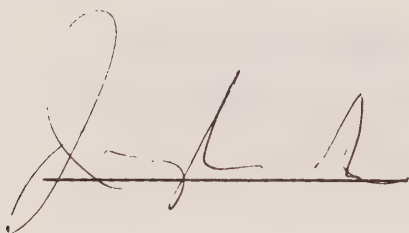
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In Witness Whereof, the parties hereto have set their hands
and seals in execution of these presents.

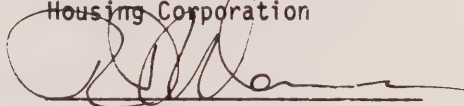
Signed at St. John's this 24 day of June
nineteen hundred and eighty-six in quadruplicate.

WITNESSED BY:

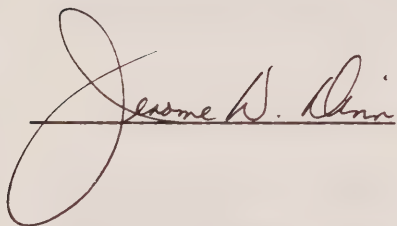
SIGNED BY:



Canada Mortgage and
Housing Corporation



Newfoundland and Labrador
Housing Corporation


CHAIRMAN
CORPORATE SECRETARY

PROGRAM ELIGIBILITY

DEFINITION OF TOTAL HOUSEHOLD INCOME

For purposes of determining eligibility under this program, total household income is the total income of the household (before tax) from all sources for all persons in the household 15 years of age and over, as defined by Statistics Canada in its most recent Household Income, Facilities and Equipment data base documentation.

FEDERAL RENT-TO-INCOME SCALE

DEFINITION OF INCOME FOR DETERMINING BENEFITS

For purposes of establishing the rent to be paid, NLHC will assess the annual "adjusted income" of the household in the following manner:

- . Assess the income, in whatever form received, of each member of the household; income includes for example:
 - salary, wages, commissions, rents, investment income, part-time earnings, tips, alimony maintenance payments and child support received from a separated or divorced spouse;
 - Unemployment Insurance Benefits, Social Assistance, Mother's Allowance, Welfare;
 - Old Age Security Pension, Guaranteed Income Supplement, CPP/QPP pension, private pensions or annuities;
 - the first \$5 800 income, in whatever form received, of children or dependents of the household.
- . Exclude from income the following, for each household member, if applicable:
 - family allowances, if they were included previously;
 - living-out or travelling allowances of any household member;
 - monies received from insurance settlements, inheritance, disability awards, sale of effects, capital gains;
 - the income, in whatever form received, of children or of dependents, if such children or dependents are in full-time school attendance;
 - work-related earnings of a single parent, working spouse or any other household member, excluding the household head, up to \$1 000 per year per qualifying household member;
 - for children or dependents not in full-time school attendance, the above-noted \$1 000 deduction can be applied against income in whatever form received.
- . Calculate the total income of all household members, after having considered all eligible income exclusions. The result of this is the "annual adjusted income" of the household.

For the purpose of this rent-to-income scale, a child is a person, related by blood or marriage to other members of the household, and of 25 years of age or less. A dependent is a member of the household who is considered a dependent of another member of this household per the requirements of Revenue Canada. A dependent of 25 years or age or less qualifies for the same income definitions and exclusions provided to children of the household.

If any member of the household is self-employed, the work-related earnings of this household member will be the annual net income, as defined by Revenue Canada, before any personal income tax deductions, plus any capital cost allowance used in the determination of the above net income.

In all cases, a verification/confirmation of the income of household members must be obtained; for example, a statement signed by the employer, or in the case of the self-employed, a copy of the most recent income tax return or other evidence satisfactory to NLHC.

For the purpose of calculating rent, boarders are considered as members of the household and their income shall be considered on the same basis as other household members in the determination of the rent. Room and board paid to the household head or spouse will not be considered as part of the household's gross income.

BASIC RENT

The basic rent will be determined on the basis of the household's annual "adjusted income", calculated on a monthly basis, and as applied against the following rent-to-income table.

RENT-TO-INCOME TABLE

MONTHLY INCOME AND RENT

Adjusted Income (\$)	Per Cent	Adjusted Income (\$)	Per Cent
192	16.7	349	23.8
201	17.4	358	24.0
210	18.1	367	24.3
220	18.6	376	24.5
229	19.2	386	24.6
238	19.7	395	24.8
247	20.2	404	25.0
256	20.7	416	25.0
266	21.1	428	25.0
275	21.5	440	25.0
284	21.8	452	25.0
293	22.2	464	25.0
303	22.4	476	25.0
312	22.8	488	25.0
321	23.1	500	25.0
330	23.3	508 and up	25.0
340	23.5		

If the household is in receipt of social assistance, whether or not social assistance is the principal source of income, the basic rent will be the greater of the shelter component of welfare or the rent as determined on the basis of the above table, in conjunction with the household's total adjusted income.

RENT ADJUSTMENTS

- . The basic rent is that payment required on the part of the occupant(s) of the dwelling for fully serviced accommodation supplied with heat, water, hot water, stove and refrigerator.
- . Where the client of the program must pay for any of the services identified as part of a fully serviced unit over and above their basic rent, such basic rent will be reduced by an amount which will take into account the client's additional expenses.
- . Where services other than those identified as part of a fully serviced unit are provided, the basic rent will be increased to reflect the full economic costs of providing such services.
- . There will be no rent maximum set unless specifically approved by CMHC.
- . For a fully serviced unit, no rent will be set lower than \$32 per month.
- . For an unserviced unit, no rent will be set lower than \$22 per month.

CLIENT INCOME FLUCTUATIONS

A client's rent will be set once a year and that rent will not be adjusted during the year for income increases. Rent reductions during the year will however be permitted in instances where a client household supplies documented evidence that its income has decreased to a level which would result in a rent reduction of \$10 per month or more.

INFORMATION REQUIREMENTS: SUMMARY

Commitment Data:

- . this data is submitted by way of Notice of Commitment forms;
- . the Notice of Commitment forms shall contain the following generic data elements:
 - project location, codes and address;
 - proprietor details, type, name and address;
 - date of agreement and subsidy commencement dates;
 - unit description;
 - agreed rent and its components;
 - details pertaining to unit transfers;
 - delivery agent type;
 - account identification information;
 - contributions (Sections 15 and 15.1).

Client Data:

- . this data is provided once a year and pertains to clients receiving assistance in that year;
- . the data provided will pertain to:
 - type of owner (non-profit corporation, housing coop (with or without ILM), private landlord),
 - household composition,
 - household income and its source,
 - Native ancestry,
 - presence of special needs,
 - size and type of dwelling occupied,
 - rent paid,
 - previous dwelling conditions (only for households newly served during the year; may be obtained through sampling of client records).

Operating Data:

- . this data is provided once a year and contains the following generic data elements:
 - agreed market rents,
 - rents paid by clients,
 - repairs paid on clients' behalf,
 - subsidies paid;
 - arrears,
 - contributions (Sections 15 and 15.1).

For Rent Supplement, budgetary expenditures will be displayed on a portfolio basis by program by the following types of expenditure (agreed market rent, RGI rent, repair/redecoration costs, delivery and administration costs, and financing interest) in accordance with program guidelines.

3. Cash Flow Forecast - Budgetary

A summary of the expected quarterly cash flow of budgetary expenditures will be provided to assist in cash management.

B. BUDGET ADMINISTRATION

The approved annual budget is contained in Schedule B of the Operating Agreement. Changes to an approved budget must be determined and communicated in accordance with the Operating Agreement and the guidelines.

C. COMMITMENTS

Commitments for assistance under the Rent Supplement program will be reported in units. Unit redesignation upon unit transfer is not included in this summary report.

Commitments will be reported to CMHC by NLHC on a notice of commitment form, no later than five (5) working days after the commitment is made.

CMHC will acknowledge receipt of the notice of commitment.

D. CLAIMS

Claims for settlement between the parties will be submitted on a monthly basis within thirty days of the end of the month to which the transactions relate. Claims will contain sufficient information to permit:

- a) interim verification that the amounts being claimed or remitted are reasonable and within approved budgets;
- b) the recording of the necessary accounting entries relating to budgetary expenditures; and
- c) the monitoring of the status of the portfolio through continuity schedules of units committed and units under subsidy.

The entire financial activity of the program shall be reported by NLHC, together with each party's proportionate share of expenditures.

Budgetary expenditures related to prior year accruals will be reported.

Amounts claimed for budgetary expenditures may be based upon estimates of actual activity. Estimates must be adjusted to actual on a periodic basis in accordance with program guidelines.

The monthly claim for the Rent Supplement Program will include:

1. Continuity Schedule: Units Committed/Under Subsidy

This schedule is required to monitor the number of units that have been committed in the program, those that are receiving subsidies, and those that are committed but not yet receiving assistance ("outstanding commitments").

Information provided includes the number of units committed, cancelled, or placed under subsidy during the month, the number of units receiving subsidies during the month, the number of units revoked and redesignated, and the number of units withdrawn.

2. Expenditures

A report of actual expenditures made or an estimate of expenditures incurred during the month is required to monitor the financial impacts of the program and to inform CMHC of its share of the expenditures.

The expenditures will be displayed by program activity and the following expenditure categories: net subsidy (including repair/redecoration costs), delivery and administration costs and financing interest. Sufficient data will be provided to support the delivery and administration costs claimed. It is not necessary to provide detailed object of expenditure information in support of the amounts claimed monthly for delivery and administration costs.

The report will also disclose the respective share of the expenditures of each party and the amounts for which reimbursement is being requested by NLHC.

E. ANNUAL INFORMATION - AUDITED

The audited statement of budgetary expenditures will provide an independent verification of the proper use of funds in accordance with the Operating Agreement and program guidelines and will be used to determine the final amount payable to or recoverable from NLHC for the fiscal year ending 31 March.

The audited statement and its supporting schedules will contain information at a level similar to that provided on the monthly claims for the fiscal year.

This statement and its supporting schedules will be accompanied by operating data at the project level as outlined in Appendix "2" (Information Requirements) of this Schedule and summarized by program activity. Project level operating data will be audited in accordance with program guidelines. Budgetary expenditures will be broken down by year of commitment in a supporting schedule. This schedule does not require audit and may be based upon reasonable estimates.

Audited information will be submitted no later than 30 September.

ANNUAL INFORMATION - UNAUDITED

Annual outstanding commitment information as at 31 December will be submitted for planning and monitoring purposes and to support information contained in CMHC's records.

Outstanding commitment information will be classified by year of commitment approval. This will include a detailed listing of projects committed and not yet receiving assistance.

This information is required to reconcile the detailed commitment files maintained by CMHC to those of NLHC.

Unaudited information must be submitted to CMHC no later than 31 January.

F. BUDGETARY EXPENDITURE ACCRUALS

Budgetary expenditures which have been incurred but not disbursed within the fiscal year ending 31 March and which, in accordance with program guidelines, should be charged to the budget for that year, will be reported by NLHC by 30 April. This information will be certified by a senior financial officer of NLHC.



1. The purpose of this report is to provide a comprehensive overview of the current state of the project and to identify the key challenges and opportunities that we face. This report will be used by the management team to make informed decisions about the future of the project.

2. The project has been ongoing for several months, and we have made significant progress in many areas. However, there are still several key challenges that we need to address in order to ensure the success of the project. These challenges include:

- Limited resources: We are currently facing a shortage of resources, particularly in the areas of personnel and equipment. This is a significant challenge that we need to address in order to ensure that we can complete the project on time and within budget.
- Unclear requirements: The requirements for the project are not clearly defined, which is making it difficult for us to develop a plan of action. We need to work closely with the client to clarify the requirements and to ensure that we have a clear understanding of what is expected of us.
- Lack of communication: There is a lack of communication between the different teams involved in the project, which is leading to confusion and delays. We need to establish a clear communication plan and to ensure that everyone is kept up to date on the progress of the project.

3. In order to address these challenges, we need to take several key actions. These actions include:

- Securing additional resources: We need to identify and secure additional resources, particularly in the areas of personnel and equipment. This may involve hiring new staff or leasing additional equipment.
- Clarifying requirements: We need to work closely with the client to clarify the requirements and to ensure that we have a clear understanding of what is expected of us. This may involve holding meetings with the client and developing a detailed plan of action.
- Improving communication: We need to establish a clear communication plan and to ensure that everyone is kept up to date on the progress of the project. This may involve holding regular meetings and using a central communication platform.

4. The success of the project will depend on our ability to address these challenges and to take the key actions that we have identified. We need to work closely with the management team and the client to ensure that we are on track to complete the project on time and within budget.

5. This report provides a comprehensive overview of the current state of the project and identifies the key challenges and opportunities that we face. It is intended to be used by the management team to make informed decisions about the future of the project.